

**TESTIMONY BEFORE THE  
COMMITTEE ON AGRICULTURE  
SUBCOMMITTEE ON DEPARTMENT OPERATIONS,  
NUTRITION, AND FOREIGN AGRICULTURE  
U.S. HOUSE OF REPRESENTATIVES  
APRIL 3, 2001**

Good afternoon Chairman Goodlatte and members of the Subcommittee. I am Gary Gay, Director of the Food Distribution Division of the North Carolina Department of Agriculture and Consumer Services. Thank you for the opportunity to testify today about the Emergency Food Assistance Program (TEFAP). The North Carolina Department of Agriculture is responsible for distributing nearly 34 million pounds of USDA commodities annually to programs such as TEFAP and the National School Lunch Program. I am also President of the American Commodity Distribution Association (ACDA). ACDA is a non-profit professional trade association devoted to the improvement of the U.S. Department of Agriculture's (USDA) commodity distribution system. ACDA members include state agencies that distribute USDA-purchased commodities, agricultural organizations, recipient agencies, such as schools and soup kitchens, and allied organizations, such as nonprofit anti-hunger groups. ACDA members are responsible for distributing over 1.5 billion pounds of USDA purchased commodities annually to programs such as TEFAP and the National School Lunch Program.

Chairman Goodlatte, I would like to start by commending you for your commitment to TEFAP and the other programs that are part of the USDA's commodity distribution system. This Subcommittee has a long history of supporting these programs, and you are continuing the tradition of past chairmen, such as Congressmen Bill Emerson and Charlie Stenholm. I would also like to thank Representative Eva Clayton for her long-standing support for these programs.

As you know, the level of TEFAP commodity purchases has varied significantly over the last decade. For example, in recent years the overall TEFAP budget, which includes storage and distribution funding, has ranged from a low of \$65 million to a high of \$172 million. As part of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Congress amended TEFAP's authorizing statute to provide \$100 million annually in mandatory commodity purchases. This

step was intended to ensure a constant and predictable flow of commodities and eliminate the reliance on the yearly appropriations process. In addition to these funds, TEFAP has received a significant amount of bonus commodities over the last several years. The volume of bonus commodities, however, fluctuates from year to year depending on agricultural market conditions, and these products, although important, are not predictable.

TEFAP's authorization expires at the end of Fiscal Year 2002 (*i.e.* September 30, 2002). In addition to proposals to increase TEFAP commodity purchases, there are several issues ACDA would like to recommend for the Subcommittee's consideration during the reauthorization process.

**Storage and Distribution Funding --** The TEFAP statute authorizes up to \$50 million annually to pay for "administrative costs". ACDA recommends that this account be renamed "storage and distribution costs" to more accurately reflect how this money is used. Virtually all of this money is passed on to recipient agencies, such as community action agencies and food banks, to help offset the costs of storing and transporting commodities. Regrettably, the term "administrative costs" sends the wrong message, and sounds as if the money is being used to underwrite vast, state-run bureaucracy. Nothing could be further from the truth.

TEFAP is also in desperate need of additional storage and distribution funds. For the current fiscal year \$45 million has been appropriated, but this is far short of what is necessary. The volume of food distributed through the program has more than doubled over the past two years, largely due to the amount of bonus commodities that have been purchased by USDA, and distribution and storage costs have increased significantly. This has forced some states to refuse commodities. ACDA believes that it would be appropriate to somehow link the amount of storage and distribution funds to the amount of bonus commodities that are available. We believe this would be preferable to simply authorizing a

higher level and a more prudent approach to providing funding.

**Funding Carry-Over** -- the statute should be amended to allow States to carry over a portion of their storage and distribution funds from one fiscal year to the next. This is necessary to pay for distribution of food that is purchased by USDA in one fiscal year but not delivered to States until the first quarter of the following fiscal year. This problem has been resolved for other nutrition programs, such as the National School Lunch Program, but it continues to hinder the effective operation of TEFAP.

**Leveraging Off USDA's Purchasing Power** -- USDA should be authorized, but not required, to act as the purchasing agent for States that supplement their TEFAP programs. A number of States fund additional TEFAP commodity purchases. If USDA could act as the purchasing agent for these States, it would give them the option of benefiting from the Department's enormous buying power, and, hopefully, receive more products for their limited dollars. A similar service has been authorized since 1994 as part of the National School Lunch Program.

Before I close, I would like to highlight the importance of TEFAP to American farmers -- an issue that is often overlooked. Like TEFAP recipients, America's farmers are not reaping the benefits of our nation's economic success. TEFAP commodity purchases, like all of USDA's food assistance programs, have a dual role. These purchases enable USDA to provide nutritional assistance to needy Americans, while at the same time providing much needed assistance to the agricultural community by supporting farm prices. While other food assistance programs are much larger, the importance of TEFAP commodity purchases should not be overlooked because they have a more direct impact on the bottom line of agricultural producers. Although it is several years old, a 1993 Economic Research Service (ERS) report quantifies the importance of this program to farmers. According to ERS,

producers receive up to 85 cents of every dollar expended on TEFAP purchases. By way of comparison, the Food Stamp Program has significantly less of an impact on producers. ERS estimates that producers receive less than 7 cents of every food stamp dollar.

The agricultural community in general has long recognized the importance of TEFAP, and has been a strong supporter in the fight to maintain the program's funding. The importance of TEFAP and all of USDA's commodity distribution programs to the agricultural community has been magnified due to commitments to reduce subsidies for domestic agricultural producers under international trade agreements. TEFAP falls into a category of what have become known as "Green Box" programs, which are exempt from these commitments and allow the U.S. to support domestic producers by purchasing food for distribution to needy Americans.

Mr. Chairman, again, thank you for the opportunity to testify today. I would be happy to answer any questions you or other members of the Subcommittee may have.